

# The Market Week in Review

For Week Ending January 23, 2016

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## THE MARKETS

The stock markets struggled through another volatile week – shortened by the MLK holiday on Monday – but ended up recovering a bit of their losses for the year so far. Disappointing data on retail sales, exports, inventories and industrial production combined with the headwinds of a strong dollar, slowing global demand and a relentless drop in oil prices led many investors to throw in the towel early in the week and sell. The selloff was followed by the biggest gain in more than a month on Friday as oil prices finally reversed course, at least temporarily. Bond prices were lower on the week, with the U.S. 10 year Treasury bond yield rising by 0.02% to close at 2.06%.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	15,988.08	16,093.51	105.43	0.66%	-7.64%
Nasdaq	4,488.42	4,591.18	102.76	2.29%	-8.31%
S&P 500	1,880.33	1,906.90	26.57	1.41%	-6.70%
Russell 2000	1,007.72	1,020.66	12.94	1.28%	-10.14%

## DAILY DEVELOPMENTS

### MONDAY

The markets were closed on Monday in observance of the Martin Luther King holiday.

### TUESDAY

The National Association of Home Builders/Wells Fargo reported on Tuesday that its builder sentiment index registered a reading of 60 in January, which is the same as December. Readings above 50 indicate more builders view sales conditions as good, rather than poor. However, the three month moving averages for

builder sentiment were down in all four regions of the country in January with the Northeast, Midwest, and West each posting one point declines while the South region fell by two points.

#### WEDNESDAY

The Commerce Department reported on Wednesday that privately-owned housing starts declined in December to a seasonally adjusted annual rate of 1,149,000, which is 2.5% from November's revised estimate of 1,179,000 but up 6.4% from the same month a year earlier. Ground-breaking for single-family homes totaled 768,000, a drop of 3.3%; while the rate for units in buildings with five units or more was 365,000, down 13,000 from the month before. For all of 2015, construction was started on an estimated 1,111,200 homes, up 10.8% from the previous year.

The Labor Department said on Wednesday its Consumer Price Index slipped 0.1 percent in December while increasing by 0.7 percent during all of 2015. The decline in December was attributable primarily to the decline in oil prices. Last month, energy prices dropped 2.4 percent, with gasoline tumbling 3.9 percent. The so-called core CPI, which strips out food and energy costs, edged up 0.1 percent after rising 0.2 percent for three straight months. In the 12 months through December, the core CPI rose 2.1 percent, the largest gain since July 2012, after climbing 2.0 percent in November.

#### THURSDAY

The Labor Department said Thursday that initial claims for state unemployment benefits for the week ended January 16<sup>th</sup> increased by 10,000 to 293,000 on a seasonally adjusted basis. That is the highest reading since early July. However new claims managed to remain just below the 300,000 mark, which is associated with strong labor market conditions. New claims have now been below 300,000 for 46 straight weeks, which is the longest streak since the early 1970s. The four week average of claims rose 14,250.

#### FRIDAY

The National Association of Realtors said Friday that sales of existing homes climbed 14.7 percent last month to a seasonally adjusted annual rate of 5.46 million. The rebound followed the implementation of new regulations in November that had delayed the completion of residential real estate closings. Americans bought roughly 5.26 million homes in 2015, a 6.5 percent increase over 2014. The median sales price rose 6.8 percent to \$222,400. However last year's sales figure remains well below its peak of 7.08 million in 2005.

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## TIDBITS

China's GDP increased by 6.8% in the fourth quarter compared with Q4 of 2014, the slowest pace since 2009. Full year economic growth reached 6.9%.

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## QUOTE OF THE WEEK

"We are not going to accept to withdraw our production to make space for others."

- Khalid al-Falih, chairman of state-owned Saudi Arabian Oil, at the World Economic Forum in Davos, Switzerland. Al-Falih went on to say that while the short-term oil outlook is bleak, a price below \$30 per barrel is "irrational".

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I hope you have found the information in this week's market summary informative. If you would like to comment on any of the information found in this week's Market Commentary please e-mail me at [awillms@estatecounselors.com](mailto:awillms@estatecounselors.com). If you would like to discuss how current market conditions could impact your investments, please feel free to call me at the number listed below.

Best regards,

*Andy*

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